Customer Services, Europe
The Open Systems Support Challenge

9 February 1993

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U.K.—17 Hill Street, London W1X 7FB, U.K. +44 71 493 9335
France—24, avenue du Recteur Poincaré, 75016 Paris, France +33 1 46 47 65 65
Germany—Sudetenstrasse 9, W-6306 Langgöns-Niederkleen, Germany +49 6447 7229

Researched by
INPUT
17 Hill Street
London W18 7FB
United Kingdom

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Customer Services, Europe
The Open Systems Support Challenge

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Customer Services, Europe
The Open Systems Support Challenge

Michael Longy
Principal Consultant

Restructuring for Growth

Key User Demands

- Effectiveness
- Cost reduction
- Value for money

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Restructuring for Growth

Seeking Cost Reduction for IT

- Downsizing
- Outsourcing
- 80% solutions

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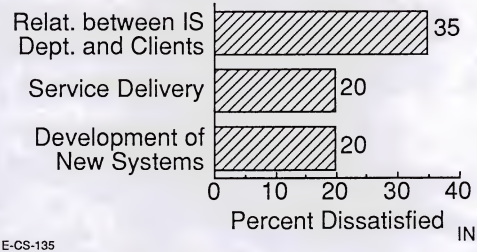
Major Challenges for IS Departments



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Restructuring for Growth

Presentation of Market Analyses

- Unique
- Non-unique
- All other services
- No software products

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Growth Over 1991

- 3% overall
- Ranging from -4% to +17% by sector
- Business continuity best
- Education and training worst

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Growth 1992 to 1997—I

Category	$ Billion		
	1992	1997	CAGR (%)
Hardware Maintenance	15.9	17.4	2
Environmental Services	7.9	10.2	5

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Growth 1992 to 1997—II

Category	$ Billion		
	1992	1997	CAGR (%)
System SW Support	1.9	2.8	8
Educ. and Training	1.3	1.6	4
Professional Servs.	0.8	1.4	11
Business Continuity	0.4	0.9	20

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Growth 1992 to 1997—III

Category	$ Billion		
	1992	1997	CAGR (%)
Unique Services	23.8	27.6	3
Non-Unique Services	4.4	6.6	8
Total	28.1	34.3	4
Other Services	4.4	7.1	10

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Leading Suppliers 1991—Europe

Vendor	Share (%)
IBM	13
Digital	9
SMI	6
Bull	4
AT&T/NCR	4

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Hardware Maintenance Model

- 4 layers
  - Mainframe
  - Mid-range
  - Workstation and server
  - PC
- Volume and value attrition
- Fee rates

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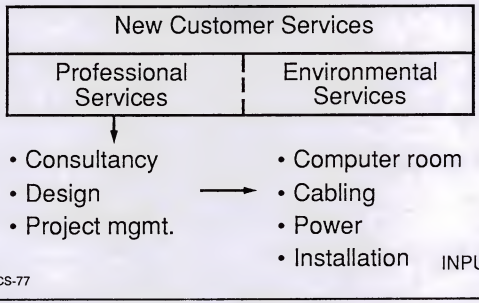
Market Segmentation



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U.K. Growth Over 1991

- 1% overall
- Ranging from -15% to +28% by sector
- Business continuity best
- Education and training worst

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U.K. Growth 1992 to 1997—I

Category	£ Billion		
	1992	1997	CAGR (%)
Hardware Maintenance	1.6	1.7	1
Environmental Services	0.9	1.0	3

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Notes

Rounded market values

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U.K. Growth 1992 to 1997—II

Category	£ Billion		
	1992	1997	CAGR (%)
System SW Support	0.3	0.4	9
Educ. and Training	0.1	0.1	0
Professional Servs.	0.1	0.2	12
Business Continuity	0.1	0.2	22

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Notes

Rounded market values

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U.K. Growth 1992 to 1997—III

Category	£ Billion		
	1992	1997	CAGR (%)
Unique Services	2.5	2.7	2
Non-Unique Services	0.5	0.8	10
Total	3.0	3.6	4
Other Services	0.4	0.7	11

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Notes

Rounded market values

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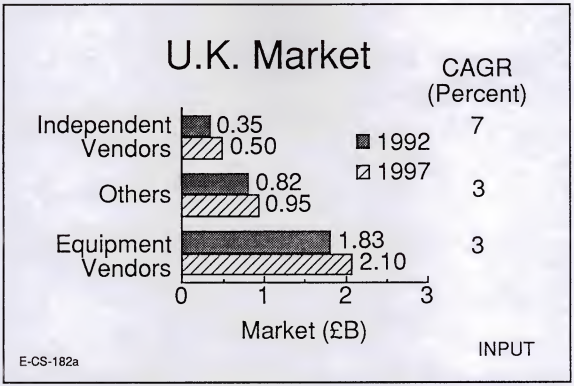

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Trends 1992—U.K.

- Maintenance decline
- Downsizing
- Total service contracts
- Partnering/outsourcing
- Availability key

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Leading Suppliers 1991—U.K.

Vendor	Share (%)
IBM	11
Digital	10
ICL	10
H-P	4
Unisys	4

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Non-Available Market

- Bundled
- User self-service
- Own trends

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Multivendor Maintenance Market Europe

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Definition

- Restated as
  - Hardware suppliers' multivendor
  - All independent maintainers'
- Multiservice contract with hardware maintenance

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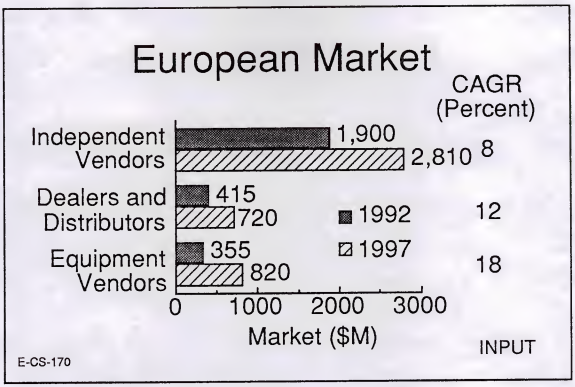

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Multivendor Maintenance—U.K. and Europe

Country Markets—I

Country	$ Millions		
	1992	1997	CAGR (%)
France	500	680	6
Germany	270	460	11
U.K.	830	1,200	8
Italy	240	390	10

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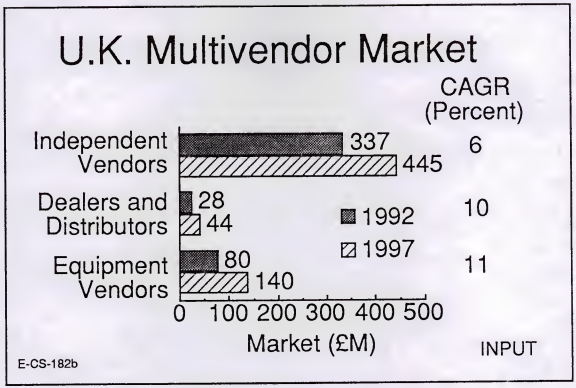

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Trends 1992—U.K.

- IMOs diversify to software
- Downsizing
- Dealers weaken
- Partnering/outsourcing deals

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Notes

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Independent Suppliers 1991—U.K.

Vendor	Share (%)
Granada	20
ACT	6
Computeraid	4
Sorbus	4
Servicetec	3

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Multivendor Maintenance—France and Europe

Strategy Development

- Reorient perspective
- Transition opportunities
- Strategic options, e.g.
  - Prime contractor
  - Services vendor
  - Subcontract/FPM

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Multivendor Maintenance

Open Systems

- From threat to reality
- Three-year transition
- Services strategy

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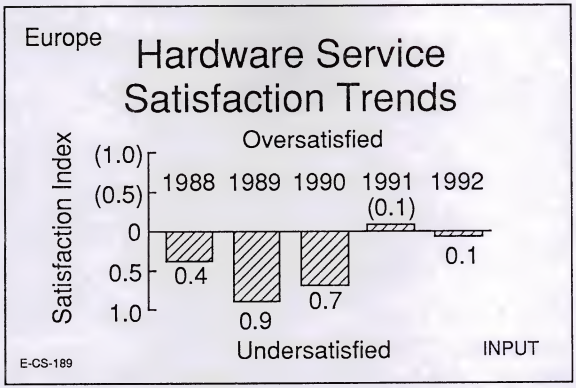

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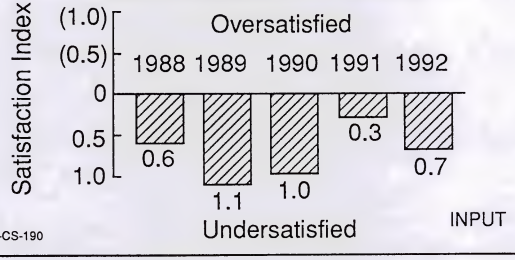
Europe

Systems Software Support Satisfaction Trends



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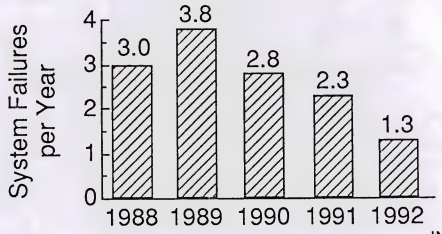
System Failure Rate Trends



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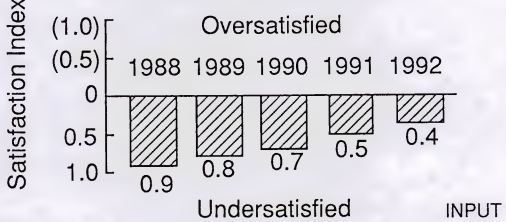
Satisfaction with System Availability Trends



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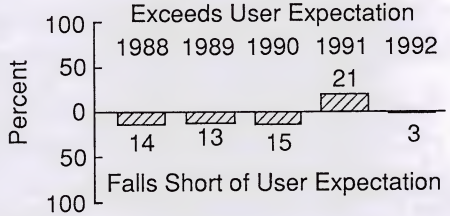
Response Time Trends Hardware Service



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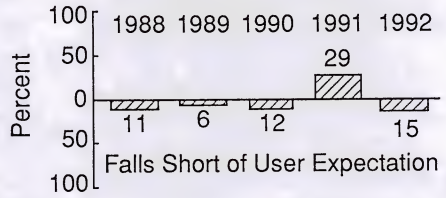
Repair Time Trends
Hardware Service



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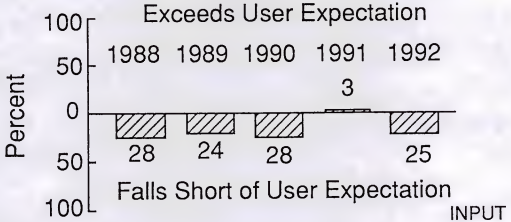
Response Time Trends
Systems Software Support



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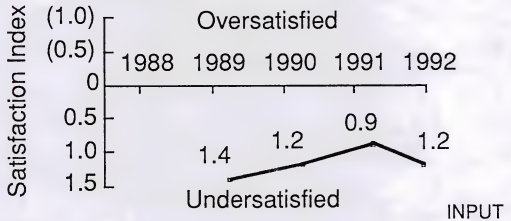
Vendor Quality—Image Systems Software Support



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Notes

No data for 1988

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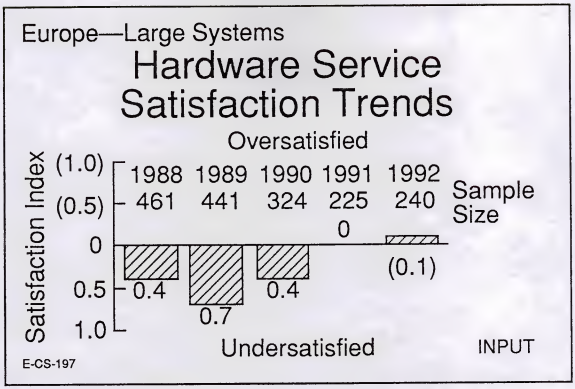

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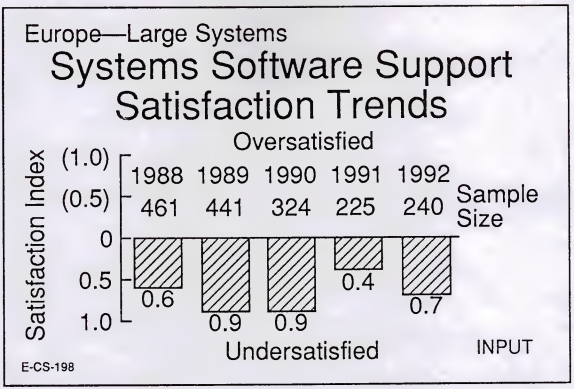

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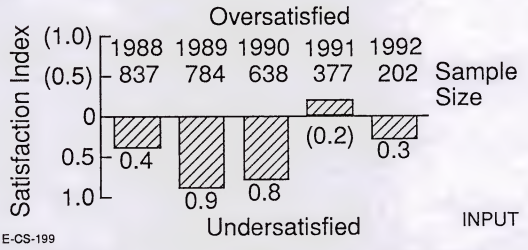
Europe—Medium/Mid-Range Systems

Hardware Service Satisfaction Trends



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Notes

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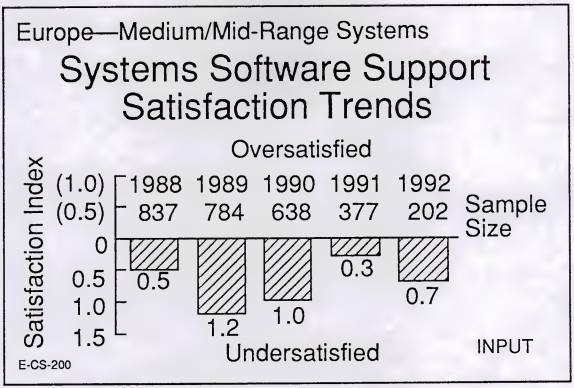

Notes

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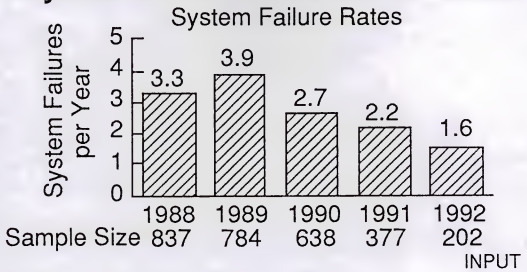
Europe—Medium/Mid-Range Systems

System Performance Trends



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Notes

1988 data refers to all system ranges.
1989 to 1991 data refers to medium systems.

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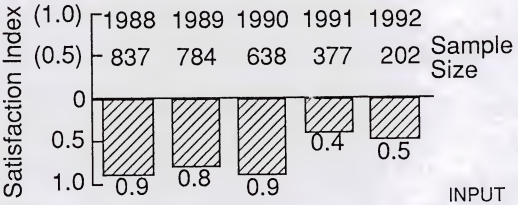
Europe—Medium/Mid-Range Systems

System Performance Trends

Satisfaction with Systems Availability



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Notes

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1989 to 1991 data refers to medium systems.

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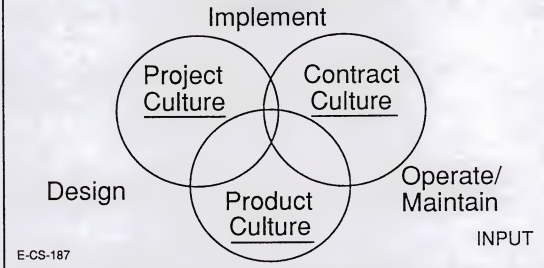
Business Cultures in the Life Cycle



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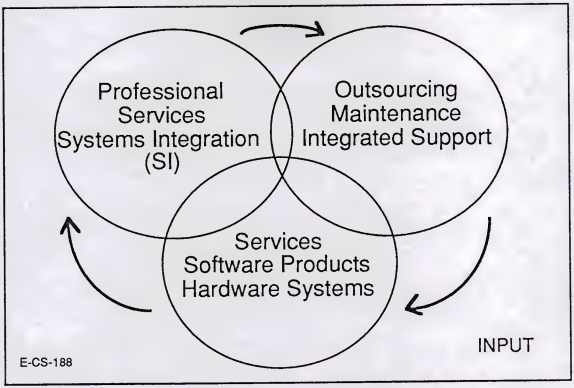

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- Systems Integration
- Corporate Networks
- Customer Services

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INPUT WORLDWIDE

London — 17 Hill Street
London W1X 7FB, England
Tel. +71 493-9335 Fax +71 629-0179

Paris — 24, avenue du Recteur Poincaré
75016 Paris, France
Tel. +1 46 47 65 65 Fax +1 46 47 69 50

Frankfurt — Sudetenstrasse 9
W-6306 Langgöns-Niederkleen, Germany
Tel. + 6447-7229 Fax +6447-7327

Tokyo — Saida Building, 4-6
Kanda Sakuma-cho, Chiyoda-ku
Tokyo 101, Japan
Tel. +3 3864-0531 Fax +3 3864-4114

San Francisco — 1280 Villa Street
Mountain View, CA 94041-1194
Tel. (415) 961-3300 Fax (415) 961-3966

New York — 400 Frank W. Burr Blvd.
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